

Service Date: May 28, 1986

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER Of The Application)
Of PACIFICORP dba PACIFIC POWER &)
LIGHT COMPANY for an Order author-)
izing (1) it to issue its promis-)
sory notes to and borrow from)
commercial banks for: (a) not more)
than \$300,000,000 under a revolv-)
ing credit agreement, (h) not more)
than \$25,000,000 under general)
lines of credit, and (c) not more)
than \$325,000,000 under other)
borrowing arrangements; and (2) it)
to issue and sell its commercial)
paper in aggregate principal)
amounts outstanding not to exceed)
\$325,000,000 at any one time)
_____)

UTILITY DIVISION
DOCKET NO. 86.5.24
DEFAULT ORDER NO. 5209

On January 22, 1986, PacificCorp dba Pacific Power & Light Company (Pacific), a corporation organized and existing under and by virtue of the laws of the State of Maine and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application pursuant to Section 69-3-501 through 69-3-507, MCA, requesting an order authorizing Pacific to:

(1) issue, from time to time, its unsecured short-term promissory notes (Promissory Notes) to and borrow from U.S. or foreign commercial banks (or their affiliates) under the following facilities:

(a) Not more than \$300,000,000 in aggregate principal amount outstanding at any one time under a Revolving Credit Agreement (Agreement):

(b) Not more than \$25,000,000 in aggregate principal amount outstanding at any one time under renewable lines of credit (Lines):

(c) Not more than \$325,000,000 in aggregate principal amount outstanding at any one time under other borrowing arrangements (Other Arrangements); and

(2) Issue and sell its commercial paper (Paper in the U.S. or overseas, from time to time, in aggregate principal amounts outstanding not to exceed \$325,000,000 at any one time; provided that the aggregate principal amounts outstanding under the Agreement, Lines, Other Arrangements, and Paper shall not exceed \$325,000,000 at any one time. On February 7, 1986, the application was approved by the Public Service Commission at a regular open session held in its offices.

The application was supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of Pacific's business and the territory served by it, reference is made to its annual reports on filed with the Commission.

On May 8 and May 27, 1986, Pacific filed a supplemental application requesting that the Commission approve the changes in the proposed terms of the Agreement and approve an extension of the various termination dates.

At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on May 27, 1986, there came before the Commission for final action the matters and things in Docket Number 86.5.24, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. Pacific is a corporation organized and existing under and by virtue of the laws of the State of Maine and is qualified to transact business in the State of Montana.

2. Pacific is operating as a public utility as defined in Section 69-3-101, MCA and is engaged in furnishing electric service in Montana.

3. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

4. Notice of the application was published as part of the Commission's regular weekly agenda.

5. Negotiations relating to the Agreement have resulted in several changes from the terms described in the original application.

The Agreement will allow Pacific to borrow and reborrow from a group of U.S. or foreign commercial banks for their affiliates) not more than \$300,000,000 aggregate principal amount outstanding at any one time. As described in the original application, Pacific will have three borrowing options under the Agreement. The revised terms

provide that that Fixed Rate option based on the average rate bid by dealers for the purchase of the certificates of deposit of certain Reference Banks named in the Agreement ment will include a margin of 0.50 percent per annum. During any period in which the credit rating of any of Pacific's long-term debt is Bal or BB+ or below, the interest rate under each of the borrowing options under the Agreement will be increased by 0.50 percent per annum.

The revised terms have also changed the rate and method of computing the commitment fee. As Pacific does not expect the use the full amount of the facility, the committed amount has been divided into two tranches: Tranche A of \$240 million and Tranche B of \$60 million. A commitment fee is payable quarterly on the unused portion of the commitment as follows: 0.25 percent per annum on the Tranche A commitment and 0.15 percent per annum on the Tranche B commitment.

In the event Pacific's borrowings under the Agreement ever exceed the Tranche A commitment, Pacific will be required to pay an additional 0.10 percent per annum from the effective date of the Agreement to the date of such borrowing on the amount of such excess.

In addition, the amount included in Tranche A will be increased in an amount equal to such excess. During any period in which the credit rating of any of Pacific's long-term debt is Bal or BB+ or below, the commitment fee for both Trache A and Tranche B commitments will be equal to 0.375 percent per annum.

6. Pacific has revised its estimate of the expenses associated with establishing the Agreement, Lines, Other Arrangements and Paper.

The initial estimates did not include as Agent's fee. The agreement now provides that Pacific will pay an Agent's fee of \$150,000 to Morgan Guaranty Trust Company of New York. A fee of \$150,000 or .05 percent of the amount of the commitment, is not greater than the usual and customary fee prevailing currently in the market. Banks have begun to charge a fee to serve as agent in order to offset the

costs incurred serving as the agent. Such costs include personnel time, travel, and administrative costs associated with negotiating and administering the Agreement. As the borrowing margins and commitment fees have been reduced in this Agreement from the preceding credit agreement, the agent has found it necessary to charge a fee to fully recover its costs.

7. The net proceeds of the issuance will be used to reimburse Pacific's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities.

Pacific states that the funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Section 69-3-501, MCA. To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

8. Approval of the revised terms of the Agreement will further the purposes set forth in Pacific's original application.

9. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance related ratemaking issues, which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS

The application complies with MCA Section 69-3-501 through 69-3-507, inclusive, and other laws of Montana, and the same should be granted as hereinafter ordered.

ORDER

IT IS THEREFORE ORDERED by the Commission that :

1. The supplemental application of PacificCorp dba Pacific Power & Light Company, filed on May 8 and May 27, 1986, for authority to:

(1) issue, from time to time, through June 30, 1989, its unsecured short-term promissory notes to and borrow from U.S. or foreign commercial banks (or their affiliates) under the following facilities:

(a) not more than \$300,000,000 in aggregate principal amount outstanding at any one time under an Agreement, provided that such notes mature not later than June 30, 1989;

(b) not more than \$25,000,000 in aggregate principal amount outstanding at any one time under the Lines, provided that such mature not later than June 30, 1990; and

(c) not more than \$325,000,000 in aggregate principal amount outstanding at any one time under Other Arrangements, provided that such notes mature not later than June 30, 1990; and

(2) issue and sell its Paper in the U.S. or overseas, from time to time through June 30, 1989, in aggregate principal amounts outstanding not to exceed \$325,000,000 at any one time provided that the Paper matures not later than June 30, 1989; provided that the aggregate principal amounts outstanding under the Agreement, Lines, Other Arrangements and Paper shall not exceed \$325,000,000 at any one time, pursuant to the terms set forth in the original application as amended and supplemented by its supplemental application, pursuant to Section 69-3-501 through 69-3-507, MCA and to use the proceed for normal utility purposes is approved.

2. Issuance of this Order does not constitute acceptance of Pacific's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

3. Approval of the transactions authorized shall not be construed as precedent to prejudice any future action of this Commission.

4. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp dba Pacific Power & Light Company pursuant to the provisions of the Order, or any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed.

5. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 27th day of May,
1986, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Trenna Scoffield
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.